<b>Top Secret</b>
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DIRECTORATE OF INTELLIGENCE

## Central Intelligence Bulletin

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WEST GERMANY - EAST GERMANY: East German negotiator Kohl presented a draft treaty on general relations to West German negotiator Bahr on 15 June.

The draft and an accompanying "declaration of principles" stress East German demands for the establishment of normal diplomatic relations between the two German states and their simultaneous entry into the UN as soon as possible. Kohl rejected any reference to a "special relationship" between the two--a Western concept that both Germanies enjoy only limited sovereignty in the absence of a German peace treaty. This issue probably will be the biggest obstacle to inter-German agreement. Kohl did indicate, however, that Four Power rights in Germany as a whole might be treated implicitly in a clause declaring that this treaty would not affect previous treaties dealing with the two Germanies.

Kohl's presentation of a comprehensive draft treaty may alter Bahr's previous assessment that Pankow would put off a general treaty and seek to settle the various issues in a piecemeal fashion. Kohl warned, however, that no progress would be made on a treaty unless Bonn stops obstructing Pankow's efforts to gain international acceptance. This will doubtless reinforce Bahr's belief that selected East German participation in conferences and organizations—but not in the UN itself—would help negotiations along. The two sides will meet again on 21 June.

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CHILE: President Allende's reorganization of his cabinet on 17 June does not mean that the internal conflict in his coalition has been resolved.

The Socialist Party kept the four key posts it held before and added the ministries of economy and, temporarily, mining. The Communist Party retained the same three ministries but replaced two incumbents with ranking party leaders. This should strengthen the Communists' influence in the government. The Radical Party lost one of its three posts, and the small parties retained their allotted one apiece.

The most important change, the replacement of independent Marxist Pedro Vuskovic as economy minister, is probably in response to the strong criticism of his drastic policies. Allende has promised, however, to name Vuskovic to another important post next week when he announces changes in economic programs and his plans to establish additional cabinet portfolios.

Although the Socialists now hold a numerical advantage in the cabinet, the Communists have probably made few real concessions. Over Socialist objections, the Communists and Allende--reportedly at Soviet urging--are completing work on an important economic compromise with the Christian Democrats. The compromise may for the present slow the pace of the nationalization of industries and enable the government to consolidate the inroads it has already made on the private sector of the economy. The Christian Democrats reportedly have made some important concessions that are dividing the opposition forces.

The absence of any military officers in the	
revised line-up bears out reports	25X1
that the army high command refused Allende's	23/11
The foundation take a larger role in the cabinet.	
The frustrating experience of the army general who,	
as mining minister, found himself outflanked by gov-	25X1
ernment politicians evidently increased the mili-	
tary's district of the same in it	
tary's distrust of the administration.	-
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